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REPORT

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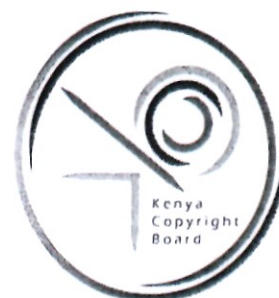
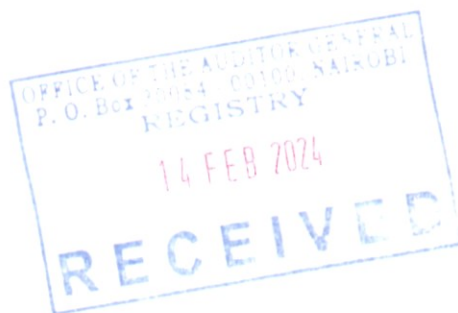
THE AUDITOR-GENERAL

ON

KENYA COPYRIGHT BOARD

FOR THE YEAR ENDED
30 JUNE, 2023





KENYA COPYRIGHT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2023

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms, Abbreviations and Glossary of Terms

AIE	Authority to Incur Expenditure
A.in.A	Appropriations in Aid
BETA	Bottom up Economic Transformation Agenda
CMO	Collective Management Organization
CAJ	Commission for the Administration of Justice
CSR	Corporate Social Responsibility
ERP	Enterprise Resource Plan
IEC	Information Education and Communication
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KECOBO	Kenya Copyright Board
KAMP	Kenya Association of Music Producers
MCSK	Music Copyright Society of Kenya
NRR	National Rights Registry
PPMC	Permanent Presidential Music Commission
PRISK	Performers Rights Society of Kenya
SCAC	State Corporations Advisory Committee
SASDF	Sports Arts and Social Development Fund
SDGs	Strategic Development Goals

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

2. Key Entity Information and Management

(a) Background information

The Kenya Copyright Board (KECOBO) is established under section 3 of the Copyright Act, CAP 130 of the laws of Kenya on 31st May 2001. The Board is domiciled in Kenya. Its mandate is the overall administration and enforcement of copyright and related rights in Kenya.

(b) Principal Activities

KECOBO's mission is: To sustainably advance the growth of creative industries through effective administration and enforcement of copyright and related rights for socio-economic development in Kenya.

The principal activities are to;

- Direct, coordinate and oversee the implementation of laws and international treaties and conventions to which Kenya is a party and which relate to copyright and other rights recognized by the Act and ensure the observance thereof;
- License and supervise the activities of Collective Management Organizations (CMOs) as provided for under the Act;
- Devise promotion, introduction and training programs on copyright and related rights, to which end it may coordinate its work with national or international organizations concerned with the same subject matter;
- Organize the legislation on copyright and related rights and propose other arrangements that will ensure its constant improvement and continuing effectiveness;
- Enlighten and inform the public on matters relating to copyright and related rights;
- Maintain an effective data bank on authors and their works; and
- Administer all matters of copyright and related rights in Kenya as provided for under the Act and to deal with ancillary matters connected with its functions under the Act.

In addition, the protection of Traditional Knowledge and Cultural Expressions Act, 2016, under Section 5(a) mandates the Board to establish and maintain a National repository of traditional knowledge and cultural expressions of communities in Kenya.

(c) Key Management

The Board's day-to-day management is under the following key organs:

No.	Designation	Name
1	Executive Director	Edward Sigei
2	Deputy Executive Director-Legal and Compliance	George Nyakweba
3	Deputy Executive Director- Corporate Services	Frederick Mutuku
4	Deputy Executive Director- Training & Research	Sharon Chahale Wata

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Executive Director	Edward Sigei
2	Deputy Executive Director-Legal and Compliance	George Nyakweba
3	Deputy Executive Director- Corporate Services	Frederick Mutuku
4	Deputy Executive Director- Training & Research	Sharon Chahale Wata
5	Assistant Executive Director -HRM	Ketty Arucy
6	Assistant Executive Director-Communications	Cyrus Kinyungu
7	Assistant Executive Director-ICT	George Njoroge
8	Assistant Executive Director-Internal Audit	Elijah Mwangi
9	Chief Supply Chain Management Officer	John Karuri
10	Chief Copyright Inspector	Mutegi Rinkanya

(e) Fiduciary Oversight Arrangements**Finance and Audit committees of KECOBO**

The Board of KECOBO has established two oversight bodies as recommended by the State Corporations Act. Section 9 of the State Corporations Act Cap 446 Laws of Kenya states as follows: -

Committees

A state corporation may establish committees consisting of members of the Board to deal with such matters as the Board may specify. Notice of establishment of any committee in accordance with this section whether established before or after the commencement of this Act shall be served on the State Corporations Advisory Committee.

This provision is further reinforced by section 15, on financial accountability of the Board;

Accountability

(1). A Board shall be responsible for the proper management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of a state corporation.

(2). The Chief Executive officer of a state corporation may be summoned by the Public Investments Committee to answer, on behalf of the Board, any question arising from a report, including a special report, of the Controller and Auditor-General concerning the state corporation.

Consequently, the State Corporations Advisory Committee (SCAC) issued guidelines for the formation of the Committees of which the Finance and the Audit Committees are mandatory.

i. The Audit & Risk Management Committee

The committee has a charter setting out its responsibilities. Some of its duties include oversight over financial statements and financial reporting; general compliance, internal control and risk management. The Executive Director is not a member of this committee as per common practice. The committee, like all other committees, plays an advisory role. The members of this committee for the year under review were: Ms. Mary Maina – Chairperson, Mr. Kennedy Omari, Mr. Mwaniki Mageria & Mr. Antony Muriu.

ii. The Finance & Human Resource Committee

The committee oversees the budgeting function of the Board, reviews progressive reports on the expenditure of the Board and makes recommendations to the Board on issues relating to procurement. The committee also ensures overall sound financial reporting before approval by the entire Board. On human resources, it reviews all Board HR actions and makes suitable recommendations to the Board. It also makes appointments in senior management positions as well as overseeing the performance reviews. The members of this committee for the period under review were: Mr. Juma Odemba- Chairman, Dr. Donald Otoyoy, Mr. Antony Muriu & Mr. Kennedy Omari.

iii. The Legal and Technical Affairs Committee

The membership of the Legal and Technical Affairs Committee comprises of four directors and the Executive Director. The committee is mandated to review The Copyright Act when the need arises. It is also mandated with the responsibility of ensuring the Collective Management Organizations (CMOs) adhere to the law and makes recommendations on the renewal of their licenses. The members of this committee for the period

under review were: Mr. Mwaniki Mageria – Chairman, Dr. Donald Otoyo, Mr. Juma Odemba, & Mr. Allan Githaiga

Frequency of meetings

All committees meet at least four times in a year and as guided by government circulars and specifically Circular OP/CAB.9/1A of March 11, 2020. All committees also maintain records of their deliberations diligently as required by law. The Board of Directors of Kenya Copyright Board has therefore met its legal and regulatory requirements as far as fiduciary oversight arrangements are concerned.

(a) Board Headquarters

P.O. Box 34670
GPO 00100
NHIF Building
Ragati Road/ Ngong Road
Nairobi, KENYA

(b) Board Contacts

Telephone: (254) 20 2533859
0791399159
E-mail: info@copyright.go.ke
Website: www.copyright.go.ke

(c) Board Bankers

Kenya Commercial Bank
Kenyatta Avenue
A/C No.1104002450
Kipande House

(d) Independent Auditor





Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(f) Principal Legal Adviser






The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, Kenya






3. The Board of Directors

Chairman's Term expired in May 2022	
 <p>Dr. Donald Otoy Ondieki Director representing PS, Ministry of Sports, Culture and Heritage. Profession: Performing Artist, Music Educator, Researcher and Music Industry specialist.</p>	<p>Educational and Professional Qualifications Doctor of Philosophy (PhD) Degree (Performance and Education), Kenyatta University. (2005 – 2010)</p> <p>Current Position Director, Permanent Presidential Music Commission (PPMC) Ministry of Sports, Culture and Heritage</p> <p>D.O.B 14/7/1973</p>
 <p>Ms. Mary Maina Independent Director representing Publishers, Authors and Writers' associations. Professional Background Council member, Kenya Publishers Association (KPA) & MD, Moran Publishers Ltd</p>	<p>Academic and Professional Qualification Bachelor of Commerce (UON) Holder of several Diploma Certificates in Marketing, Management and Counseling & Psychology.</p> <p>Current Position Managing Director, Moran (EA) Publishers Ltd. Formerly held middle level roles in two publishing houses. D.O.B 06/12/1967</p>
 <p>Mr. Kennedy Omari Director representing PS, Ministry of ICT Innovation and Youth Affairs. Profession : Procurement Expert</p>	<p>Professional and Academic Qualification Masters in Commerce (MS University of Baroda) Senior Management Course Diploma in Supplies Management</p> <p>Work Experience Assistant Director, Procurement State Department of Broadcasting Ministry of ICT Innovation and Youth Affairs. D.O.B 10/01/1966</p>
 <p>Mr. Antony Muriu Director representing PS, The National Treasury. Professional Background Economist</p>	<p>Key Qualification</p> <ul style="list-style-type: none"> • M.A. International Development Studies-Tokyo, Japan • B.A Econ(Hons), University of Nairobi, Kenya <p>Work Experience Director of Planning & head of the Central Planning & Project Monitoring unit-The National Treasury</p>

	Chief Economist & Head of the Central Planning & Project Monitoring unit- The National Treasury D.O.B 1966
 <p>Mr. Timothy Juma Odemba, HSC Independent Director Professional Background: Teacher & Performing Artist</p>	<p>Academic Qualifications: Primary Teachers Certification Shanzu Teachers College</p> <p>Work Experience /Current Position</p> <ul style="list-style-type: none"> • Founder and CEO, Kayamba Africa Group • Producer in Radio and Music Studios • Founder/Member, Kenya Musicians Union (KEMU) <p>D.O.B 01/07/1966</p>
 <p>Mr. Allan Githaiga Director representing Hon. Attorney General. Professional Background: Advocate / Senior State Counsel</p>	<p>Professional and Academic Qualification Bachelor of Laws (LLB) Diploma in Law (KSL) Senior Management Course Strategic Leadership Development Course</p> <p>Work Experience Principal State Counsel D.O.B 22/01/1982</p>
 <p>Mr. Mwaniki Mageria Independent Director representing the Audiovisual Sector Professional Background Master of Ceremonies and Events Manager Founder/CEO Balozi productions ltd</p>	<p>Professional and Academic Qualification Bachelor of arts (Business Administration and Management), Daystar University</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Founder, Riverwood Ensemble and Kalasha Film Awards. • Presenter in a number of Radio Stations. • Sales and Marketing Roles in Auto Industry. • Artists Management. <p>D.O.B 18/07/1967</p>
 <p>Mr. Edward Sigei Executive Director Key Profession : Advocate of the High Court</p>	<p>Professional and Academic Qualification Master in Law (LLM) Bachelors of Law (LLB) Diploma in Law (KSL)</p> <p>Executive Director Overall Administration of Kenya Copyright Board and Secretary to the Board of Directors D.O.B 1972</p>

4. Key Management Team

 <p>1. Edward Sigei</p> <p>LLM, LLB, Member-LSK</p> <p>Key Profession: Advocate</p>	<p>Executive Director</p> <p>Overall Administration of Kenya Copyright Board and Secretary to the Board of Directors</p>
 <p>2. George Nyakweba</p> <p>LLM, LLB, Member-LSK</p>	<p>Deputy Executive Director- Legal and Compliance</p> <p>Advocate of the High Court and IP Lawyer</p>
 <p>3. Elijah Mwangi</p> <p>MBA, BBM, CPA(K), Member- ICPAK, IIA Kenya</p>	<p>Assistant Executive Director –Internal Audit</p> <p>Internal Audit and ISO Quality Management</p>
 <p>4. Sharon Chahale</p> <p>MIP, LLB- Member- LSK</p>	<p>Deputy Executive Director- Training & Research</p> <p>Advocate of the High Court & IP Lawyer</p>
 <p>5. Frederick Mutuku</p> <p>MBA, B. Com, CPA (K). Member- ICPAK</p>	<p>Deputy Executive Director- Corporate Services</p> <p>Finance and Accounts</p>

 <p>6. Cyrus Kinyungu</p> <p>M.A Arts (Communications), B.ED.</p> <p>Member PRSK, Media Council of Kenya</p>	<p>Assistant Executive Director –Communication</p> <p>Public awareness and publicity</p>
 <p>7. Ketty Arucy</p> <p>MSC, B.A, IHRM, AKIM</p>	<p>Assistant Executive Director- HRM</p> <p>Human Resource matters, policies, surveys and training.</p>
 <p>8. John Karuri</p> <p>MSC in Procurement and Logistics</p> <p>BBA.</p> <p>Member KISM</p>	<p>Chief Supply Chain Management Officer</p> <p>Management of office supplies</p>
 <p>9. George Njoroge</p> <p>MSC in IT Management, BSC (Computer Science & Engineering)</p> <p>Member- ISACA</p>	<p>Assistant Executive Director -ICT</p> <p>In charge of ICT infrastructure and Integrated Enterprise information systems.</p>
 <p>10. Mutegi Rinkanya</p> <p>Copyright Inspector</p>	<p>Chief Copyright Inspector</p> <p>In charge of Copyright & related rights compliance</p>

5. Chairman's Statement

The Kenya Copyright Board received consistent though inadequate funding from Treasury during the period under audit.

The Board is looking at measures that can improve KECOBO's financial situation in addition to ensuring the proper administration of Copyright in the interest of artists.

KECOBO through its full board sittings and committees continues to play its oversight role robustly.

The Board of Directors has continued to support the registration of Copyright through the National Rights Registry by temporarily waiving the registration fee. This has in a way affected the Board's revenue generation in the short term. However, the benefit to the creative industry is expected to be immense thus justifying the short term loss. So far over 40,000 copyright certificates have been issued through the digital registration platform -nrr.copyright.go.ke.

The impact of Covid-19 pandemic has been devastating to the Board as it affected the creative industry. However, with the easing of the Covid-19 containment measures, the sector's outlook looks better.

Chairman of the Board



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Date 12/02/2024

6. Report of the Executive Director

Background

The Kenya Copyright Board recognizes the significant contribution that the creative industry can make towards the achievement of Vision 2030 and remains ready to play its facilitative role effectively. Copyright industries form part of creative industries, which are economic activities based on the creation, management, use and trade in original creations expressed in tangible form. When the produced expressions are protected under intellectual property (IP) rights, then such industries are referred to as copyright industries and the products therefrom as copyright goods. It is estimated that the economic contribution of the copyright-based industries in Kenya is more than five per cent of the country's Gross Domestic Product (GDP).

KECOBO has been at the forefront of supporting a vibrant market place of creativity and innovation of the Kenya citizens. The current dynamic environment with rapid technological change has benefited copyright owners to reach global audience faster enhancing access to copyright works. But on the other hand, it has made it easy to infringe on the copyright work.

In appreciating this great potential in the sector and the emerging challenges, KECOBO continues to build its capacity to discharge the mandate set out under section 5 of the Copyright Act and improve the legislative framework for Copyright-based industries to thrive. The Board continues to embrace ICT-driven solutions to the administration and enforcement of copyright and related rights law. This paradigm shift is necessitated by the ever-changing operating environment of the creative industry.

Achievements

The operationalization of the Research and Training Department at the start of the 2022/23 FY has seen a number of partnerships and collaborations. A number of trainings and public events on the Copyright and the creative industry have been undertaken. Collaboration with the Permanent Presidential Music Commission (PPMC), Kenya Film Commission and The Technical University of Mombasa among others enabled awareness creation on copyright and related rights to be rolled out.

During the year, the Board, through Executive Order No. 1, was placed under the Ministry of Youth Affairs, the Arts and Sports. The Cabinet Secretary, Hon. Ababu Namwamba, EGH commissioned the first ever National Creatives' Summit in Kenya. This creative summit brought together over 500 artists and players in the industry both from Kenya and abroad. The summit resolved, among other things, to address the perennial twin problem of artists' earnings and economic wellbeing. This is in line with the government priorities under the Bottom-Up Economic Transformation Agenda (BETA), specifically the Digital Superhighway & Creative Economy pillar.

During the year, 25 police stations were visited and police officers trained by our enforcement officers. The total number of all trained persons in enforcement matters, copyright registration and generally copyright and related matters stood at over 2,000. These other trainings were carried out by legal, training and enforcement teams in line with KECOBO's mandate of promotion of copyright matters. The delivery mode was virtual or physical. KECOBO continued encouraging the use of its online registration platform, NRR which saw over 4,000 copyright works registered in the year under review. The system has greatly eased the registration of copyright and monitoring of CMO activities.

Conclusion

In the face of challenges in the sector, KECOBO will continue to build its capacity to discharge its mandate in line with the Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA).

The Board seeks to overcome these challenges by adoption of a robust ICT & digitisation strategy, enhancement of the legal framework in copyright protection and promotion of copyright and related rights and enhancing institutional capacity through a robust resource mobilisation and optimization strategy.

Constant monitoring and evaluation mechanism using gap analysis methodology will to a great extent enhance the realisation of the Board's envisioned goals.

Executive Director


.....

Date.....

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

KECOBO has 3 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023.

These strategic pillars are as follows:

Pillar 1: Excellence

Pillar 2: Partnerships

Pillar 3: Sustainability

KECOBO develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Board achieved its performance targets set for the FY 2022/2023 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key performance indicators	Activities	Achievements
Pillar 1	Enhance efficiency in delivery of the Board's mandate	1. Percentage level of automation.	1. Develop and implement an automation strategy.	National Rights Registry (NRR) Enterprise Resource Plan (ERP)
		2. Percentage level of compliance of turnaround time.	-Review the service Charter. -Monitor Compliance with Service Charter.	Achieved
		3. Number of copyright works registered	Develop and implement Copyright Registration Strategies -Licensing -Supervision	42,000 copyright certificates issued.

		4. Percentage Level of compliance of CMOs to licensing requirements.		Achieved- Licenses Issued and CMOs audited.
Pillar 2	Enhance Customer Satisfaction by 1 percent annually through provision of high quality copyright services	Percentage of complaints resolved Percentage Increase in Customers accessing online services Level of corporate visibility	Maintain a register of all complaints received and resolved. Determine level of accessibility. -Increase online presence. -Monitor accessibility -Determine baseline of visibility. -Implement Communication strategy. -Monitor Visibility	Achieved- Registers present Achieved. KECOBO's presence in social media increased Achieved.- Communication strategy implemented
Pillar 3	Strengthen Strategic Partnerships	-Percentage of partners trained. -Percentage Level of Implementation of strategic collaborations and partnerships	Identify strategic partners -Conduct training needs assessments. -Develop Training Curriculum and materials -Implement training. -Carry out training Impact assessment -Develop and implement MOUs and policies, monitor and evaluate	Partners identified MOUs developed 7 monitoring ongoing.

8. Corporate Governance Statement

Corporate Governance is defined as the systems by which organisations are directed and controlled. This remains a Board's priority, as directors are increasingly required to demonstrate and report to the public through quarterly reports submitted to the Solicitor General with a set to the Principal Secretary of the National Treasury.

The Board of Directors is responsible for the governance of the Board and is committed to ensuring that its business and operations are conducted with integrity. They are also required to comply with the law, generally accepted principles and best practices of corporate governance and business ethics.

Kenya Copyright Board is led by an effective Board of Directors that is composed of competent, diverse and qualified members. The BOD has autonomy and authority and exercises its function with objectivity and independence. It has diversity of competencies, skills required for the effective leadership and provision of strategic direction to the organisation.

BOARD OF DIRECTORS

The Board fulfils its fiduciary obligation to the public by maintaining control over the strategic, financial, operational and compliance issues of the Board. Whilst the Board provides direction and guidance on strategic and general policy matters and remains responsible for establishing and maintaining overall internal controls over financial, operational and compliance issues, it has delegated authority to the Executive Director to conduct the day-to-day business of the Board.

The Board meets at least once every quarter and has a formal schedule of matters reserved for its discussion. The directors are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational and compliance issues.

Kenya Copyright Board has nine Board members comprising of the Chairman, three independent members representing the Music sector, publishing sector and the Audio-Visual sector and four other members representing government ministries. The four Board members are representative of the Principal Secretary, The National Treasury, Principal Secretary Ministry of ICT Innovation and Youth Affairs, The Attorney General and the Principal Secretary Ministry of Sports, Culture and Heritage. KECOBO, Executive Director is an ex-officio member of the Board and has no right to vote at any meetings of the Board. He is the secretary to the Board.

While the chairman of the Board is appointed by His Excellency the President, the Board members are appointed by the Cabinet secretary under whose docket KECOBO falls. Both the chairman and the Board members serve for a period of three years.

During the period under review, KECOBO's Chairman's term expired in May 2022 and his term was not renewed. Accordingly, the Board members had to appoint a session chair from among the members.

The Board holds its meetings quarterly and therefore holds four meetings in a year. For any Board meetings to proceed, it has to have a quorum of at least five Board members including the Executive Director. The directors' remuneration is guided by Mwongozo and several government circulars including circular **OP/CAB.9/1A** on management of State Corporations, circular OP/SCAC.912L.2 VOL.I (164) on accommodation

and subsistence allowances for chairmen and board members of State Corporations Boards and circular OP/CAB.9/21/2A/LII/43 on guidelines on terms and conditions of service for State Corporations.

Kenya Copyright Board is required to develop an induction programme for all New Board members. They are taken through the induction programme in order to familiarise them with their responsibilities as directors, general principles of corporate governance and Board practices. The induction programme also provides the Board member with an orientation of KECOBO, Its strategic plan, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.

KECOBO also ensure that a competence needs assessment is carried out periodically and an annual development plan prepared to address identified gaps. In this regard, Board members are given continuing development programs that are designed to keep them abreast with the latest developments in the sector, best practices, corporate governance and critical issues relating to the operation of public sector boards.

This is done in accordance with Mwongozo and also the guidelines of the State Corporations Advisory Committee. Also, as per these guidelines, the Board members are required to declare any real or perceived conflict of interest with KECOBO that may appear then or any that may arise subsequently. The members are guided on how to the need to avoid taking part in any discussions or decision-making process regarding any subject or transaction in which they have a conflict of interest.

At the end of each financial year the Board reviews itself, Board committees and the Executive Director against targets agreed at the beginning of the year. This evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and areas where every individual member needs to improve on. During this time, the Board also evaluates the performance of the Executive Director.

9. Management Discussion and Analysis

Section A

KECOBO'S Operational and Financial Performance

KECOBO continued to carry out its core activities diligently in the year under review despite the limited resources. The resources received by the Board were not sufficient to effectively deliver the desired goals. The Board also occasionally experienced prolonged delays in release of Authority to Incur Expenditure (AIE) which affected the performance. Generation of Appropriations in Aid (A in A) was affected by waiver of copyright registration fees and a standoff with Collective Management Organizations (CMOs) where licenses were not renewed and hence no income was generated in this area. Funds from CMO licenses are usually received in Quarter 3. Copyright registration is now chargeable at a nominal fee for both corporates and individuals. The Board did not have any externally mobilized funds to supplement its income but due to diligent use of funds, it avoided having any pending bills at the close of the year 2022-2023.

To reach out to all our stakeholders, the KECOBO Service Delivery Charter was translated into Kiswahili and uploaded on the Kenya Copyright Board website, www.copyright.go.ke. The Service Charter has also been customized into sign language targeting people with hearing disability and audio format to target people with visual disability. KECOBO social media platforms continued to be used to educate the public on the service charter commitments. To further better the Board's services to our stakeholders, staff continue to be sensitized on service delivery charter.

KECOBO has a mandate to receive complaints and disputes related to copyright and related rights and mediate on such disputes. The Board also receives complaints on administrative and other matters from the public and even staff. During the year under review, KECOBO received complaints from members of the public on various copyright related and administrative matters. The matters were resolved and reports filed with the Commission for the Administration of Justice (CAJ) on a quarterly basis. KECOBO in turn received feedback from CAJ on the reports.

KECOBO continued to educate the public on complaints handling mechanisms available and encouraged the use of these mechanisms for quick and expedient resolution of disputes. As demanded of the Board by the Service Charter, legal advice and opinions were provided to clients within 7 working days of request, mediation of copyright disputes done within reasonable time and continuous engagement of stakeholders on emerging issues was maintained, especially through social media. This was designed to empower the creatives for smoother running of the industry.

Application of Service Delivery Innovations

Registration of copyright through the National Rights Registry (NRR) system continued with over 40,000 copyrights having been registered by the end of the financial year. The Board used social media platforms to reach out to creatives and encourage them to register copyright.

The process of overhauling the Copyright Act commenced during the year. It is envisaged that the overhaul of the Act will consolidate the benefits due to the artists and streamline the industry. It is hoped that once the process is over, the many challenges faced by the industry in the past will be fully ironed out.

The Board has established a dedicated email to assist creatives registering copyright when they have challenges. Any disputes arising from the registration of copyright may also be raised through the email. Through this email, thousands of clients have been assisted to register copyright and their challenges resolved.

Investigation of Copyright and Related Rights cases was strengthened through the training of judges, magistrates and the police. About 326 police officers from 25 police stations were trained during the financial year. KECOBO conducted clinics and webinars on copyright & related rights and registration of copyright through the National Rights Registry (NRR). These webinars were open to the general public.

To help enlighten and inform the public on matters relating to copyright and related rights as per the Board's mandate, KECOBO has published a number of Information Education and Communication (IEC) materials which are freely shared with the public. These IEC materials include: Copyright and The Audio Visual Industry, Copyright and the Music Industry, Enforcement Manual, Understanding the National Rights Registry, Frequently Asked Questions on CMOs and the Service Charter among others. During the year, 1,500 IEC materials were distributed across the country. This figure excludes the Enforcement Manual, a controlled document targeting law enforcement officers, which was distributed separately.

In its mandate to administer all matters of copyright and related rights in Kenya, the Board undertook investigation, inspections, arrests and filing of charges for copyright offenses. During the year under review, 76 cases were reported of which 25 cases were investigated and concluded. Forty-four (44) cases are pending under investigation, 6 cases are pending before court, 8 cases were withdrawn, 5 cases were finalized, and 12 were referred for arbitration. During the year, fifty (50) inspections were conducted.

The Board enhanced strategic partnerships by signing of a Memorandum of Understanding with GIZ and the Technical University of Mombasa.

As part of its Corporate Social Responsibility KECOBO staff members planted 1000 trees in collaboration with the Ministry of Youth Affairs, Sports and The Arts at Port Victoria, Busia County. The trees will contribute towards the Presidential National target of planting 15 billion trees.

Section B

Entity's compliance with statutory requirements

The Board continues to comply with all statutory requirements and therefore does not have any non-compliance to report.

Section C

Key projects and investment decisions the entity is planning/implementing

Following the executive order No. 1 of 2023 and subsequent executive orders, KECOBO was placed under the Ministry for Youth Affairs, The Arts and Sports under the state department for Youth Affairs and The Arts. This decision saw a number of key decisions made on the Board's short, medium and long term plans. Firstly, the operationalization of the Blank Tape levy (Private Copy Remuneration) was earmarked as a priority. The implementation of this levy will go a long way in improving the economic wellbeing of the artists.

Secondly, the Board, after it was placed under the State Department for Youth Affairs and The Arts, places it in a better position to access the Sports Arts and Social Development Fund (SASDF) to supplement the exchequer.

The Board through its 2023-2028 Strategic Plan and the State Department's master plan has an elaborate schedule of projects, programs and activities that will see KECOBO achieve more for its stakeholders. Key among them is an elaborate countrywide awareness creation on enforcement of copyright law and related rights to enhance earnings by the artists. This is a pivotal BETA commitment. The Board commits to implement its devolution of services to citizens by at least establishing 3 regional offices- Mombasa, Nakuru and Meru. The other key program is digitalization in line with the government commitments, specifically Digital Copyright Cyber Lab, NRR –E-Commerce module.

The Board plans to enhance copyright protection through establishment of a Digital Copyright Cybercrime lab and enhance National Rights Registry by incorporating an E-commerce module. The Board, in collaboration with other likeminded stakeholders, dreams of establishing an Intellectual Property Academy. These, among others, are programs, projects and activities that will change the fortunes for the stakeholders in the industry.

Section D

Major risks facing the entity

The Board activities expose it to a variety of financial risks, including credit risk and liquidity risk. The Board's overall risk management program focuses on the unpredictability of the economy and seeks to minimize potential adverse effects on its financial performance.

The Board regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the supervision of the Board of Directors.

The Board provides policies for overall risk management, as well as policies covering specific areas such as liquidity risk and credit risk.

(a) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Board.

Credit risk arises from bank balances, trade receivables and amounts due from related parties. Individual risk limits are set based on internal or external limits set by the Board.

The table below Represents Board's maximum exposure to credit risk as at 30th June 2023

At 30th June 2023

Particulars	Fully Performing Kshs.	Past Due	Impaired	Total Kshs.
Bank balances	1,712,918			1,712,918
TOTAL	1,712,918			1,712,918

Bank balances include cash and deposits held with banks. Bank balances are not restricted to any use by the client. The Board's trade receivables are minimal. The Bank balance is held at Kenya Commercial Bank, Kipande House Branch.

(b) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations when they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at risk of damaging the Board's reputation.

The Board ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Board of Directors.

The table below provides a contractual maturity analysis of the Board's financial liabilities:

Details	1- 6 Months Kshs	6- 12 Months Kshs	1- 5 Years Kshs	TOTAL Kshs
At 30 June 2023(Trade payables)	-	7,331,211		7,331,211
At 30 June 2022(Trade payables)	-	3,706,415		3,706,415

(c) Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Board's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Board has no transactional currency exposures.

b) Interest rate risk

Interest rate risk is the risk that the Board's financial condition may be adversely affected as a result of changes in interest rate levels. The Board's interest rate risk arises from bank deposits. This exposes the Board to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Board's deposits.

Management of interest rate risk

To manage the interest rate risk, the management has endeavored to bank with an institution that offers favorable interest rates.

Sensitivity analysis

The Board analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on surplus or deficit of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Section E

Material arrears in statutory/financial obligations

The Board did not have any loan defaults or loans for that matter. It did not have any outstanding staff & pension obligations or even nonpayment of dividends. The Board endeavors to settle financial obligations arising from the procurement process within the shortest time possible. Otherwise, the Board does not have any outstanding bills relating to previous financial periods.

Section F

The entity's financial probity and serious governance issues

As at the end of the year, the Board did not have a fully constituted Board of Directors.

10. Environmental and Sustainability Reporting

KECOBO understands its responsibility to the society and has made Corporate Social Responsibility (CSR) an integral part of its corporate culture. To underline the deep commitment to making a difference in the community, we are guided by the existing CSR Policy. The Board commits a small budgetary allocation each year to CSR initiatives. The Board's CSR effort focuses on many key areas and tries to touch on the compelling social and environmental issues.

In the year 2022/2023, the Board gave back to the community by planting over 1,000 trees at Port Victoria, Busia County while working in collaboration with the Cabinet Secretary for Youth Affairs, The Arts and Sports Hon. Ababu Namwamba in meeting the Presidential National target of planting 15 billion trees.

The Board has adopted an environmentally responsible policy and culture of dealing with copyright infringing E-waste/materials after cases are concluded. The Board, in conjunction with players in the waste management sub-sector, ensures the E-waste is disposed of responsibly hence contributing to the Strategic Development Goals (SDGs), especially the pillar on environmental conservation.

Kenya Copyright Board being a regulatory institution in the administration and enforcement of copyright sector, deals with different stakeholders especially the creatives. The Board makes deliberate efforts to ensure that its relationship with all the stakeholders is cordial even when it enforces the law. It has established close working relationship with many other state agencies operating in the copyright sector. A number of these organisations have entered memorandum of associations (MoUs) with KECOBO so that they complement each other while undertaking their various mandates.

The Board has, for instance, had a close working relationship with state agencies like the Kenya Film Commission, Kenya Industrial Property Institute, Ant counterfeit Agency, Ken trade, Kenya Film Classification Board, Kenic and Kenya National Innovations Agency among others. Most of these agencies, just like KECOBO, work around the Intellectual property sector.

Besides state agencies, the Board works with other stake holders who include the Collective Management Organisations, groups of creatives in the music, audio-visual, performing arts and theatre, photography, visual arts, media and even software development sectors. The Board organises outreach programmes both online and physically to reach out to the creatives in these sectors and educate them on copyright and related rights and how to use their talents to create wealth. They are also enlightened on the importance of registering their copyright and taken through the registration process on nrr.copyright.go.ke.

We take advantage of the social media platforms where a majority of the creatives patronise to reach out to them. Social media gives the Board an advantage while reaching out to creatives since to a large extent is free and many of the creatives patronise our pages. However, we are guided by the Board's communication strategy that advocates for responsible use of the platforms for communication, advertisement and marketing.

The Board always endeavours to create productive relationships with its suppliers and other partners who trade with the organisation such as the insurance companies that offer medical cover to the staff, suppliers of different commodities and other service providers. KECOBO ensures that prompt payment is made for services rendered and goods delivered by these service providers. For the financial year 2022/2023 the Board did not have pending bills. However, KECOBO is still tied up with ownership issues concerning the National Rights Registry.

The National Rights Registry (NRR) was planned to cost Kshs. 15 million (Design, Build & Commission cost) with the support of Safaricom PLC. Additional cost of 5.36million for maintenance and integration for on boarding to E-citizen platform Kshs. 2.622million bringing the total cost of the digital system to Kshs. 22,622,000. Once the sponsor pays the developer, the asset will belong to KECOBO fully & exclusively. The asset has therefore been disclosed as a contingent asset in these financial statements.

The Board is guided by the law and several government policies on recruitment of staff. It endeavours to ensure that all ethnic communities are represented in the workforce and that it has a balanced gender representation. There were 11 ethnicities represented in the Board and during the year, it recruited staff with disability helping it to meet the recommended threshold of 5 percent representation. The Board commits to continuously improve on these parameters whenever recruitment opportunities arise including improving the current gender ratio which was at 63 % male and 37% female representation. The constitutional two-thirds gender principle requires a 33% minimum of either gender representation.

KECOBO provides training opportunities to all staff members equitably. The training opportunities are identified through a Performance Management System and Training Needs Assessment after which all identified trainings are forwarded to the Human Resource Management Advisory Committee (HRMAC) for approval. The Board also has a Performance Management System in place used to identify staff training needs and guide on rewards and sanctions.

Members of staff are encouraged to apply for scholarships that allow them to study for highly skilled courses and masters' programs especially in Intellectual property. Many more staff members also benefit from scholarships on short courses offered by the World Intellectual Property Organization. This ensures that staff members remain updated on the latest trends and skills in intellectual property.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Board's affairs.

Results

The results of the entity for the year ended June 30, 2023 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page vii. The terms of the following Board members ended during the year. Reappointment nor Replacement hadn't been made by end of financial period.

1. Ms. Mary Maina
2. Mr. Mwaniki Mageria
3. Mr. Timothy Juma Odemba, HSC

Auditor

The Auditor-General is responsible for the statutory audit of the Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Edward Sigei



Executive Director

Date.....

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year. The Directors are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Directors are also responsible for safeguarding the assets of the Board.

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board as at the end of the financial year ended on June 30, 2023. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Board;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

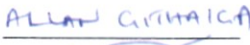
The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Public-Sector Reporting Standards (IPSAS) and in the manner required by the PFM Act and the State Corporations Act.


The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of the Board's transactions during the financial year ended June 30, 2023 and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained by the Board, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

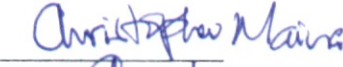
Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements were approved by the Board on 15th September 2023 and signed on its behalf by:

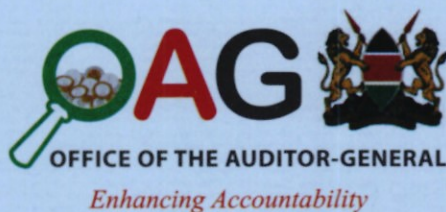
Director's Name

 Director's Signature

Director's Name
 Anthony Muriu

 Director's Signature

Director's Name

 Director's Signature

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA COPYRIGHT BOARD FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Copyright Board set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

Report of the Auditor-General on Kenya Copyright Board for the year ended 30 June, 2023

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Copyright Board as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Copyright Act, Cap 130 of the Laws of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Copyright Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Lack of a Functioning Board of Directors

The Board operated without a functional board of directors between November, 2022 and June, 2023 contrary to Section 6 of the Copyright Act CAP 130. As at the time of the audit in January, 2024, although the Chairman had been appointed, three independent Directors representing musicians, publishers and film industry had not been appointed making it difficult to achieve board quorum in the meetings.

In the circumstances, the Board was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Understaffing

Review of employees records and staff payroll for the year ended 30 June, 2023 revealed that the Kenya Copyright Board had forty-six (46) employees against the staff establishment of one hundred and nineteen (119) employees, resulting in understaffing by seventy-three (73).

In the circumstance, the understaffing may hinder delivery of services by the Board.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Board's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 March, 2024

14. Statement of Financial Performance for the year ended 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfer from Government	3(c)	132,820,000	132,820,000
		132,820,000	132,820,000
Revenue from exchange transactions			
Other incomes	4	4,325,987	1,387,133
		4,325,987	1,387,133
Total revenue		137,145,987	134,207,133
Expenses			
Use of goods & services	5	31,748,334	29,248,959
Employee costs	6	101,536,321	98,700,447
Directors' Remuneration	7	1,185,579	5,167,716
Depreciation and amortization expense	8	1,995,902	1,480,421
Repairs and maintenance	9	5,512,701	3,797,941
Contracted services	10	1,790,000	119,700
Total expenses		143,768,837	138,515,184
Surplus /(Deficit) for the Year		(6,622,850)	(4,308,051)

The notes set out on pages 7 to 31 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

During the year a provision of Kshs. 1,977,500 in relation to doubtful debts was made and depreciation expense of Kshs. 1,995,902 contributing to over 50% (Kshs. 3,973,402) of the deficit for the year.

Executive Director

Name: E. Sigel

Signature: [Signature]

Date: 12/22/2024

Head of Finance

Name: FREDERICK MUTUWU

Signature: [Signature] ICPAK NO: 15253

Date: 12/22/2024

Chairman of the Board

Name: J. KUIONY

Signature: [Signature]

Date: 12/22/2024

15. Statement of Financial Position as at 30th June 2023

Assets		2022-2023	2021-2022
Current assets		Kshs	Kshs
Cash and cash equivalents	11	1,712,918	6,071,206
Receivables from non-exchange transactions	12	10,852,045	9,973,968
Inventories	13	<u>8,775,184</u>	<u>8,782,679</u>
Total Current Assets		<u>21,340,147</u>	<u>24,827,853</u>
Non-current assets			
Property, plant and equipment	14	3,278,896	2,310,923
Intangible assets	15	<u>479,759</u>	<u>958,080</u>
Total Non-Current Assets		<u>3,758,655</u>	<u>3,269,003</u>
Total assets		<u>25,098,802</u>	<u>28,096,856</u>
Liabilities			
Current liabilities			
Trade Payables	16	7,331,211	3,706,415
Total Current Liabilities		<u>7,331,211</u>	<u>3,706,415</u>
Non-current liabilities			
Non-current liabilities		-	-
Total Non-current liabilities		-	-
Total liabilities		<u>7,331,211</u>	<u>3,706,415</u>
Net assets			
Reserves		3,437,014	3,437,014
Accumulated surplus		<u>14,330,577</u>	<u>20,953,427</u>
Total Net Assets		<u>17,767,591</u>	<u>24,390,441</u>
Total Net Asset and Liabilities		<u>25,098,802</u>	<u>28,096,856</u>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

Executive Director
 Name: E. Sigel
 Signature: [Signature]
 Date: 12/2/2024

Head of Finance
 Name: FREDERICK MUTUW
 Signature: [Signature] ICPAK NO: 15253
 Date: 12/02/2024

Chairman of the Board
 Name: J. KIJUMU
 Signature: [Signature]
 Date: 12/02/2024

16. Statement of Changes in Net Assets for the year ended 30th June 2023

	Capital Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
Bal as at 30th June 2021	3,437,014	25,261,478.00	28,698,492.00
Surplus/(Deficit) for the period		(4,308,051.00)	(4,308,051.00)
Bal as at 30th June 2022	3,437,014	20,953,427.00	24,390,441.00
Surplus/(Deficit) for the period		(6,622,850)	(4,645,292)
Bal as at 30th June 2023	3,437,014	14,330,577	19,745,149

Reserves

Reserves held during the period are capital reserves and accumulated surplus

17. Statement of Cash Flows for the year ended 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from Operating Activities			
Receipts for operating income			
Transfer –Government grant	3(c)	132,820,000	132,820,000
Other Income	4	4,325,987	1,387,133
Total Receipts		137,145,987	134,207,133
Payments for operating expenses			
Employee costs	5	101,536,321	98,700,447
Remuneration of Directors	6	1,185,579	5,167,716
Repair and Maintenance	8	5,512,701	3,797,941
Contracted services	9	1,790,000	119,700
Use of Goods and Services	10	31,748,334	29,248,959
Adjusted for:			
Decrease/(Increase) in Accounts Receivables	12	(878,077)	(1,362,769.50)
Increase/(Decrease) in Accounts Payable	16	3,624,796	(409,822)
Increase/Decrease in Inventory	13	7,495	9,945.50
Prior Year Adjustment			
Net Cash flows from operating activities		(1,872,734)	(4,590,276)
Cash flows from investing activities			
Purchase of property, plant, equipment	14	(2,485,554)	(1,783,368)
Intangible assets	15	-	(287,280)
Net cash flows used in investing activities		(2,485,554)	(2,070,648)
Cash flows from financing activities			
Net cash flows used in financing activities			
Net Increase /Decrease in Cash and Cash equivalent		(4,358,288)	(6,660,924)
Cash and cash equivalents 1 July		6,071,206	12,732,129.5
Cash and cash equivalents at 30th June		<u>1,712,918</u>	<u>6,071,206</u>

18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

	Original budget	Adjustments	Final budget	Actual	Performance difference
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
Revenue	Kshs.	Kshs.		Kshs.	Kshs.
Government grants	132,820,000	-	132,820,000	132,820,000	0
Rendering of services-A-I-A	3,000,000	-	3,000,000	4,325,987	1,325,987
Total income	135,820,000		135,820,000	137,145,987	1,325,987
Recurrent Expenditure					
Use of Goods & Services	23,574,941	-	23,574,941	31,748,334	8,173,393
Compensation of employees	103,234,071		103,234,071	101,536,321	-1,697,750
Board of Directors' Expense	3,554,000	-	3,554,000	1,185,579	-2,368,421
Depreciation & Amortization	500,000	-	500,000	1,995,902	1,495,902
Repairs and Maintenance	3,229,988	-	3,229,988	5,512,701	2,282,713
Contracted Services	727,000	-	727,000	1,790,000	1,063,000
Total Recurrent Expenditure	134,820,000		134,820,000	143,768,837	8,948,837
Capital Expenditure					0
Furniture, Computers, & Equipment & Intangible assets	1,000,000.00	-	1,000,000	2,485,554	1,485,554
Total Expenditure	135,820,000		135,820,000	146,254,391	10,434,391
SURPLUS/(DEFICIT)				(9,108,404)	

A detailed explanation of key variance between budget and actual performance is annexed as Appendix 1

Reconciliation of Surplus per Budget to surplus as per statement of financial performance

	2022-2023
PARTICULARS	Kshs.
Surplus/Deficit per Budget (Actual)	(9,108,404)
Capital expenditure	2,485,554
Surplus/Deficit as per Statement of Financial Performance)	(6,622,850)

19. Notes to the Financial Statements

1. General Information

Kenya Copyright Board is established under section 3 of the Copyright Act, CAP 130 of the laws of Kenya. Its mandate is the overall administration and enforcement of copyright and related rights in Kenya. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. Its principal activity is to direct, coordinate and oversee the implementation of the laws and international treaties and conventions to which Kenya is a party to and which relate to copyright and related rights. It is also mandated to license and supervise the activities of Collective Management Organizations (CMOs).

2. Statement of compliance and basis of preparation

The Board's financial statements have been prepared in accordance with and comply with International Public-Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest whole number. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

Notes to the Financial Statements (Continued)

3 Adoption of New and Revised standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

International Public Sector Accounting Standards Board (IPSASB) deferred the application date of standards from 1st January 2022 owing to Covid-19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> ● <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). ● <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> ● <i>IPSAS 29: Financial instruments: Recognition and Measurement</i>

Standard	Effective date and impact:
	<p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in year 2022/2023.

Notes to the Financial Statements (Continued)

3 (b) Summary of significant accounting policies

a. Revenue recognition

i) Revenue from Non-exchange transactions

Transfer from Government Grant

The Board received an amount of Ksh. 132,820,000 from the government through the parent ministry. Government grants are measured at fair value and recognized on obtaining control of the grant if the transfer is free from condition and its probable that the economic benefit will flow to the Board and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

In fulfilling its mandate, the Board renders services at a fee which forms part of revenue that is included in financial statements. Revenue is recognized by reference to the stage of completion and the outcome of the transaction can be estimated reliably.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

b) Inventories

Inventory is measured at the lower cost and net realizable value. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Board.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value. Repair and maintenance costs are recognized as expenses when incurred.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Amortization of Intangible assets

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Amortization is calculated on a straight-line basis at annual rates estimated to write off the carrying value of the asset at **33.3%** over their useful live.

f) Provisions

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

g) Taxation

The Board is fully funded by government grant and does not engage in any commercial activities and thus does not fall in the category of paying tax to its financier (government).

h) Employee benefits

Retirement benefit plans

The Board provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Board contributes to a statutory defined contribution scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and cash at bank.

j) Financial instruments

Financial assets and financial liabilities are recognized on the Board's statement of financial position when the Board has become party to the contractual provisions of the instrument. Accounting standards adopted by the Board for its financial instruments outstanding at the year-end are set out as follows:

Trade receivables

Trade receivables are carried at anticipated realizable value.

Trade payables

Trade payables are not interest bearing and are stated at their fair value.

k) Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all risks and rewards of ownership to the leases. All other leases are classified as operating lease. Rentals payable under operating leases are expensed on a straight-line basis over the term of the relevant lease.

l) Depreciation

Property, Plant, Equipment & Furniture are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their useful lives as follows:

Motor vehicles	25%
Office equipment	12.5%
Computer equipment	33.3%
Furniture	12.5%

m) Comparative figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

n) Significant judgment and sources of estimation uncertainty

The preparation of the Board's financial statements in conformity with IPSAS requires management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Board based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Board.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Changes in the market in relation to the asset.

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

p) Nature and Purpose of Reserves

The Board's reserves are composed of capital reserve and accumulated surplus. The purpose of the reserve is to acquire new assets and to replace old ones.

q) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly on 30th March 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board of Directors. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 7 of these financial statements.

Notes to the Financial Statements (Continued)

3 (c) Transfer from ministries, departments and agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant 2022-2023	2021-2022
	KShs	KShs	KShs	KShs	KShs
Office of the Attorney General & Department of Justice	132,820,000	N/A	N/A	132,820,000	132,820,000
Total	132,820,000	N/A	N/A	132,820,000	132,820,000

The Board receives one-line budget in which it caters for the recurrent expenditure and capital items

4. Other Income	2022-2023	2021-2022
	Kshs	Kshs
CMO's Licence Renewal	2,206,500	1,141,300
Copyright Registration	543,892	24,000
Sale of Stickers	27,800	37,000
Tender Deposit	200,000	-
Out of Court Settlement Fees		118,792
Others -CMO Forensic Audit CMO Contribution(set-off)	1,347,795	66,041
Total income	<u>4,325,987</u>	<u>1,387,133</u>

From the above income distribution, Kshs. 1,347,795 due from Collective Management Organization(CMOs) for settlement of Forensic Audit cost should not be deemed as A-I-A. The amount declared to the State Law Office Kshs. 2,978,192 is what the management deems to be AIA. This informed by the fact that the sources of the said AIA are service and good oriented and therefore the AIA accruing in course of the Board offering

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services to its clients. KECOBO offers registration services attracting copyright registration fees, it has a mandate to license CMOs therefore attracting license fees, the Board also sells Antipiracy stickers hence attracting sales income, sale of tender sometimes yields some income as was the case in the year under review.

The additional amount of Kshs. 1,347,795 is not AIA. It is reflected as a set-off following the forensic audit on the CMOs, by a service provider, the amount is to be/supposed/remitted to the service provider through KECOBO. Therefore, it follows that since KECOBO receives and expenses the said amount, it is then reflected in the books for disclosure purposes. The amount doesn't qualify to be KECOBO's AIA since no consideration is availed from KECOBO to service provider and vice versa. KECOBO comes in to ensure the CMOs who are subject of the forensic Audit do not frustrate the service provider.

Revenue item Collective Management Organizations (CMO) license is a levy to allow the entities to operate (Collect royalties on behalf of Copyright holders).

Copyright Registration is fees paid for registration of copyright works.

Sale of stickers is levy obtained on sale of Anti-Piracy Security Device for protection of Copyright works.

Out of Court Settlement is amount paid once the accused and KECOBO agrees on out of court process.

5. Use of Goods & Services		2022-2023	2021-2022
		Kshs.	Kshs.
Advertising		1,891,853	3,344,258.50
Audit fees		377,000	377,000
Conferences & delegations		3,134,060	846,241
Consumables		629,586	1,804,658
Fuel and oil (M/V expenses)		645,756	991,500
Insurance (M/V expenses)		365,137	465,620
Postage		29,935	41,860
Printing & Stationery		1,933,673	865,812
Rentals		16,653,546	16,378,336
Telecommunication		1,608,660	1,299,700
Training		2,313,308	1,681,673
Corporate Social Responsibility		20,000	32,000
Stickers cost		7,495	9,897.50

Bank charges		160,825	167,033
Provision-Refunds		0	943,370
Provision for Bad Debts		1,977,500	
Total Use of Goods & Services		31,748,334	29,248,959

Notes to the Financial Statements (Continued)

6. Employee Costs		2022-2023	2021-2022
		Kshs.	Kshs.
Basic Salaries		49,238,518	49,198,047
Pension and Medical		16,746,855	16,532,199
Travel, accommodation & other Allowances		7,647,042	7,306,780
Housing Benefits & allowances		26,777,888	24,537,403
Gratuity		1,126,018	1,126,018
Total Employee costs		101,536,321	98,700,447

7. Directors Remuneration		2022-2023	2021-2022
		Kshs.	Kshs.
Sitting allowance & other costs		1,185,579	4,357,716
Chairman Honorarium		0	740,000
Chairman Telephone Allowance		0	70,000
Total Directors Remuneration		1,185,579	5,167,716

8. Depreciation & Amortization		2022-2023	2021-2022
		Kshs.	Kshs.
Property Plant and equipment		1,517,581	1,002,100
Intangible Assets		478,321	478,321
Total Depreciation & Amortization		1,995,902	1,480,421

Notes to the Financial Statements (Continued)

9. Repair & Maintenance		2022-2023	2021-2022
		Kshs.	Kshs.
Equipment		5,350	325,722
Vehicles		1,043,437	1,062,983
Computers		4,463,914	2,409,236
Total Repair & Maintenance		5,512,701	3,797,941

10. Contracted Services		2022-2023	2021-2022
		Kshs.	Kshs.
Contracted Professional services		1,790,000	119,700
Total Contracted services		1,790,000	119,700

11. (a) Cash at the Bank

Name of the Bank	Bank Account Number	Currency	2022-2023	2021-2022
Kenya Commercial Bank	1104002450	Kshs	Kshs	Kshs
Total			1,712,918	6,071,206

11.(b) Cash at Hand

			2022-2023	2021-2022
Liquid Cash			Kshs	Kshs
Total			0	0

Notes to the Financial Statements (Continued)

12. Receivables from Non-Exchange Transactions	2022-2023	2021-2022
	Kshs	Kshs
Rent Deposit	2,563,705	2,563,705
Prepayments	5,413,040	5,168,887
Collective Management Organization Receivables (MCSK, KAMP & PRISK)	2,875,300	1,977,500
Temporary Imprest		263,876
Total Receivables	<u>10,852,045</u>	<u>9,973,968</u>

13. Inventories	2022-2023	2021-2022
	Kshs	Kshs
Hologram Stickers	8,775,184	8,782,679
Total Inventories	<u>8,775,184</u>	<u>8,782,679</u>

Holograms' net realizable value is Kshs. 9,391,083.98 while the cost is Kshs. 8,775,184 and hence stated at the lower of the cost and net-realizable value. An impaired loss or write-down worth Kshs. 615,899.50 was provided for. The test for Impairment was done and the inventory didn't suffer impairment loss

14. Property, Plant and Equipment

Cost	M/V	Office Equipment	Furniture	Partitions	Computers	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30th June 2020	20,080,100.00	4,639,880.00	8,557,908.00	218,000.00	9,499,541.00	42,995,429.00
Additions		11,499.00	288,000.00	-	701,065.00	1,000,564.00
Transfer/ Adjustment					-7,370,178	-7,370,178
As at 30th June 2021	20,080,100.00	4,651,379	8,845,908	218,000	2,830,428	36,625,815
Additions	0.00	196,399	0	0	1,586,969	1,783,368
As at 30th June 2022	20,080,100.00	4,847,778	8,845,908	218,000	4,417,397	38,409,183
Additions			380,850		2,104,704	2,485,554
Transfer/ Adjustment						
As at 30th June 2023	20,080,100.00	4,847,778	9,226,758	218,000	6,522,101	40,894,737
As at 30 June 2020	20,080,100.00	4,639,880.00	8,217,994	109,002	8,655,848	41,702,824
Depreciation	0	1,437	177,630	36,334	548,113	763,514
Transfer/ Adjustment					-7,370,178	-7,370,178
As at 30 June 2021	20,080,100.00	4,641,317.00	8,395,624.00	145,336.00	1,833,783.00	35,096,160.00
Depreciation		25,987.00	177,630.00	36,334.00	762,149.00	1,002,100.00
Net depreciation						
As at 30 June 2022	20,080,100.00	4,667,304.00	8,573,254.00	181,670.00	2,595,932.00	36,098,260.00
Depreciation		25,987.00	225,236.00	36,330.00	1,230,028.00	1,517,581.00
Net depreciation						
As at 30 June 2023	20,080,100.00	4,693,291.00	8,798,490.00	218,000.00	3,825,960.00	37,615,841.00
N/Book Value as at 30th June 2023		154,487.00	428,268.00		2,696,141.00	3,278,896.00
N/Book Value as at 30th June 2022		180,474.00	272,654.00	36,330.00	1,821,465.00	2,310,923.00

Property, Plant, Equipment & Furniture are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of assets over their useful lives as follows: Motor vehicles (25%), Office equipment (12.5%) Computer Equipment (33.3%) & Furniture (12.5%) & Partitions (16.6%)

Valuation

The fully depreciated Motor Vehicles were valued by the Automobile Association of Kenya (AA Kenya) and the following is the outcome of the valuation

Motor Vehicle Registration Number	Valuation Date	Amount
		Kshs
KBL 394G	27/10/2021	1,280,000
KBL 495G	29/11/2022	800,000
KBR 534U	29/11/2022	1,440,000
KCH 313Q	23/02/2021	3,270,000
KCK 910U	21/02/2020	4,850,000
TOTAL		<u>11,640,000</u>

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Motor Vehicles	20,080,100	5,020,025
Total	20,080,100	5,020,025

This is for disclosure purposes strictly and does not form a part of the depreciation expense for period or part of Net book value as provided by accounting standards upon fully depreciating a set of Assets.

15, Intangible Assets	Intangible	WIP	Total
Amortization Rate	33.30%	0%	N/A
At 30 th June 2020	17,525,898		17,525,898
Additions	0	1,149,120	1,149,120
At 30 th June 2021	17,525,898		17,525,898
Additions	1,436,401		1,436,401
At 30 th June 2022	18,962,299		18,962,299
Additions	0		0
At 30th June 2023	18,962,299		18,962,299
Amortization			
Amortization June 2020	5,841,966		5,841,966
Amortization as at 30/06/2020	15,934,227		15,934,227
Amortization June 2021	1,591,671	0	1,591,671
Amortization as at 30/06/2021	17,525,898		17,525,898
Amortization June 2022	478,321		478,321
Amortization as at 30/06/2022	18,004,219		18,004,219
Amortization June 2023	478,321		
Amortization as at 30/06/2023	18,482,540		
Net Book Value June 2023	479,759		
Net Book Value June 2022	958,080		958,080

Notes to the Financial Statements (Continued)

16. Current payables	2022/2023	2021/2022
	Kshs	Kshs
State Department of Housing & Urban Development	3,000	
Ancah Group Ltd	296,000	
Josen Auto Garage Limited	85,000	
Dynasoft Business Solution Ltd	1,304,562	
PS Department of Broadcasting	205,045	
MFI Document Solution Limited	59,253	
Chamwa Motors LTD	298,534	
Liberty Africa Tech Ltd	7,630	
Halycon Designs	34,800	
Spriles Enterprises Ltd	11,000	
Galen Empire	80,000	
Kenya School of Government, Nairobi	140,360	
MFI Document Solution Limited	46,663	
Musso Holdings	50,000	
Native Green Group Ltd	3,000	
Dimension Data Solutions EA Ltd	167,040	
Government Advertising Agency AIA Account	113,387	14,594
New Kenya Co-operative Creameries LTD	134,868	20,160
Cloud Times Kenya Ltd	157,064	
Derl Ltd	1,951	25,350
Auditor General (2021/2022 & 2022/2023)	754,000	754,000
Gratuity	3,378,054	2,252,036
Computer ways		58,000
Marvin Okwaro		403,538
Foyer Restaurant		98,580
Solidarity Auto Garage		80,156
TOTAL	7,331,211	3,706,414

Notes to the Financial Statements (Continued)

17. Contingent liabilities

	2022-2023	2021-2022
	Kshs	Kshs
Contingent liabilities		
Staff pending Promotions	6,200,000	6,200,000
Staff pending House Allowance	24,264,000	6,066,000
NRR Contractual Obligation	22,622,000	0
Total	53,086,000	12,266,000

The Board has the following probable expenses relating to Personnel Emoluments that Ksh. 6,066,000, Ksh. 6,200,000 dating to more than 4 years for House Allowance and Pending Promotions The foregoing costs will need resources to be allocated to cater for their payment. Total contingent liabilities amount to Kshs. 53,086,000

The nature of the Board's operations, sometimes exhibits from people that have been found to infringe on Copyright are kept in our stores awaiting court determination. These exhibits do not belong to the Board and are not insured in case of any risk.

Notes to the Financial Statements (Continued)**18. Contingent Assets**

The National Rights Registry (NRR) was planned to cost Ksh. 15 million (Design, Build & Commission cost) with the support of Safaricom PLC. Additional cost of 5.36million for maintenance and integration for onboarding to E-citizen platform Kshs. 2.622million. Bring the total cost to Kshs. 22,622,000. Once the sponsor pays the developer, the asset will belong to KECOBO fully & exclusively. The asset has therefore been disclosed as a contingent asset in these financial statements.

19. Related Party Balances**Nature of related party relationships**

Related party of the Board includes those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include the Government, Directors and key management personnel.

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	132,820,000	132,820,000
Grants from County Government		
Donations in kind		
Total	132,820,000	132,820,000
b) Key management compensation		
Directors' emoluments	1,185,579	5,167,716
Compensation to key management	31,344,224	28,806,368
Total	32,529,803	33,974,084

Notes to the Financial Statements (Continued)

20. Financial Risk Management Objectives and Policies

The Board activities expose it to a variety of financial risks, including credit risk and liquidity risk. The Board's overall risk management programme focuses on the unpredictability of the economy and seeks to minimize potential adverse effects on its financial performance.

The Board regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the supervision of the Board of Directors.

The Board provides policies for overall risk management, as well as policies covering specific areas such as liquidity risk and credit risk.

a) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Board.

Credit risk arises from bank balances, trade receivables and amounts due from related parties. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

Notes to the Financial Statements (Continued)

Classification of credit risk bearing assets

The table below represents the Board's maximum exposure to credit risk as at 30th June 2023

	Fully Performing	Past Due	Impaired	Total
Bank Balance	1,712,918			1,712,918

Bank balance includes cash at hand and deposits held with banks. Bank balances are not restricted to any use by the client. The Board does not have trade receivables.

The table below provides receivables Aging Listing (Note12)

	1-6 Months	6-12 Months	1-5 Years	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 th June 2023				
Receivables		8,288,340	2,563,705	10,852,045
As at 30 th June 2022				
Receivables	263,876	6,177,287	3,532,805	9,973,968

b) Liquidity risk management

Liquidity risk is the risk that the Board will not be able to meet its financial obligations when they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging the Board's reputation.

The Board ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Board of Directors. All capital expenditures are funded by general reserves or grants from treasury.

Notes to the Financial Statements (Continued)

The table below provides a contractual maturity analysis of the Board's financial liabilities (Note 16)

	1-6 Months	6-12 Months	1-5 Years	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 th June 2023				
Trade payables	5,079,175	2,252,036		7,331,211
As at 30 th June 2022				
Trade payables		3,706,415		3,706,415

21. Nature and Purpose of Reserves

The Board's reserves are composed of capital and accumulated surplus. The purpose of the reserve is to acquire new assets and replace old ones.

22. Prior year adjustment (Re-statement)

No prior year adjustment was made under the year under review.

23. Progress on Follow Up of Auditor Recommendations

The Audit for 2021/2022 was concluded. See appendix II for more details

Chairman of the Board

Sign: 

Date: 12/02/2024

Executive Director

Sign: 

Date: 14/02/2024

20. Appendices

Appendix i: Explanation of Key variance in the Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

	Original budget	Adjustments	Final budget	Actual	%Utilization	Explanation of the Variance
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	
Revenue	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Government grants	132,820,000	-	132,820,000	132,820,000	100%	The expenditure was within the range of 100% + or -10%
Rendering of services	3,000,000	-	3,000,000	4,325,987	144%	Forensic Audit CMO share
Total income	135,820,000	-	135,820,000	137,145,987	101%	The expenditure was within the range of 100% + or -10%
Capital Expenditure	1,000,000.00	-	1,000,000.00	2,485,554	249%	Anticipated purchase of additional computers was done
Total Capital Expenditure	1,000,000.00	-	1,000,000.00	2,485,554		Need to provide desks for new staff
Recurrent Expenses						
Compensation of employees	96,584,071	-	96,584,071	93,889,279	97%	The expenditure was within the range of 100% + or -10%
Communication Supplies & Services	1,615,000	-	1,615,000	1,608,660	100%	The expenditure was within the range of 100% + or -10%
Domestic travel & subsistence	6,300,000	-	6,300,000	7,430,629	118%	Court attendance which the Board doesn't have control over
Foreign travel & subsistence	350,000	-	350,000	216,413	62%	Cost saving

Publicity & Information Supplies	1,563,065	-	1,563,065	3,825,526	245%	Disposal of vehicles/Adverts/Design & printing webinar posters
Rent paid	16,648,876	-	16,648,876	16,653,546	100%	The expenditure was within the range of 100% + or -10%
Training Expenses	1,878,000	-	1,878,000	2,313,308	123%	Need to meet PC commitment on Road safety occasioned this
Office Catering Services	700,000	-	700,000	3,134,060	448%	First National Creative Summit
Board of Directors' Expense	3,554,000	-	3,554,000	1,185,579	33%	Board term lapsed
Specialized Materials & Services	100,000	-	100,000	0	0%	Cost containment
Office & General Supplies	750,000	-	750,000	659,521	88%	
Motor Vehicle Expenses	1,080,000	-	1,080,000	1,010,893	94%	Cost containment measures
Operating Expenses	250,000	-	250,000	160,825	64%	Cost containment
Professional Services	350,000	-	350,000	1,790,000	511%	Cost of forensic Audit – set-off
Repair & Maintenance-other assets	2,149,988	-	2,149,988	5,512,701	256%	Old fleet of vehicles
Anti-piracy Device Expenses	20,000	-	20,000	7,495.00	37%	Demand driven
CSR	50,000	-	50,000	20,000	40%	
Audit Fees	377,000	-	377,000	377,000	100%	The expenditure was within the range of 100% + or -10%
Depreciation & Amortization	500,000		500,000	1,995,902		
Provision for doubtful Debts				1,977,500		
Total Expenses	135,820,000		135,820,000	146,254,391	106%	The expenditure was within the range of 100% + or -10%
SURPLUS/(DEFICIT)				-9,108,404		

Appendix ii: Progress On Follow up of Auditor's Recommendations

The following is the summary of issues raised by the external auditor and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0.	Composition of Board of Directors	The management communicated this fact to the appointing authorities	Head of Finance	Awaiting next appointments	Depends on appointing Authority
2.0.	Understaffing	<i>The management continues to lobby for funds/authority to employ</i>	Head of Finance	Progress made	Continuous

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Executive Director



Date: 12/21/2024

Chairman of the Board



Appendix iii: Projects Implemented by the Entity**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

Kenya Copyright Board didn't have any projects during the year 2022/2023.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
1						
2						
3						


Appendix iv: Inter-Entity Transfers Confirmation Letter

The Kenya Copyright Board (KECOBO) wishes to confirm the amounts disbursed to it as at 30th June 2023 from State Law Office, as indicated in the table below. Please compare the amounts disbursed with the amounts received by us and forward the completed form to National Treasury and Copy us.

Confirmation of amounts received by Kenya Copyright Board as at 30 th June 2023							
Reference number	Date Disbursed	Amounts Disbursed (State Law Office) Kshs) as at 30 th June 2023				Amount Received by (KECOBO) (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)= (D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D) = (A + B + C)		
	Quarter1	33,205,000	N/A	N/A	33,205,000	33,205,000	N/A
	Quarter 2	33,205,000	N/A	N/A	33,205,000	33,205,000	N/A
	Quarter 3	33,205,000	N/A	N/A	33,205,000	33,205,000	N/A
	Quarter 4	33,205,000	N/A	N/A	33,205,000	33,205,000	N/A
TOTAL		132,820,000			132,820,000	132,820,000	N/A


I confirm that the amounts shown above are correct as of the date indicated and are as included in the financial statements

Head of Accounts Department

Name: FREDERICK MUTUIU Signature: 

Date: 12/02/2024

Your Sincerely;


 Mr. Edward Sigei

Executive Director

Kenya Copyright Board

CC: Director General Accounting Services and Quality Assurance, National Treasury

Appendix v: Prepayments

Particulars	Debits	Credits	Balance
	Ksh.	Ksh.	Ksh.
Opening 1/7/2022			5,168,887
Prepaid at the start			
Medical Cover-GPA -Jubilee		21,499	
Maintenance-Dynasoft Business Solution		825,925	
Medical Insurance (Expensed) CIC Insurance		6,133,130	(6,980,554)
Prepaid as at 30/06/2023			
GPA Cover -CIC Insurance ltd	99,382		
Group Life-Liberty Life Assurance	232,747		
Medical Insurance - CIC General Insurance ltd	6,864,291		
Motor Vehicle Insurance-ICEA Lion General Insurance Co.	28,287		7,224,707
Closing balance as at 30th June 2023			5,413,040